

Message Text

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DRAFTED BY: ARA:CAR:JRBURKE:JR

APPROVED BY: THE ACTING SECRETARY

EB:TENDERS (SUBS)

L:MFELDMAN (SUBS))

EB/OIA:MKENNEDY

ARA:JBKUBISCH

S/S:SEFRY

S:LEAGLEBURGER

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O 140056Z MAY 74 ZFF4

FM SECSTATE WASHDC

TO AMCONSUL JERUSALEM IMMEDIATE

C O N F I D E N T I A L STATE 099416

EXDIS, TOSEC 600

E.O. 11652: GDS

TAGS: EMIN, PINT, US, JA

SUBJECT: JAMAICAN BAUXITE--STATE OF PLAY AS OF 6:00 P.M.

MONDAY, MAY 13.

REFERENCE: TOSEC 468

1. NEGOTIATORS FOR THE ALUMINUM COMPANIES RETURNED TO KINGSTON AFTERNOON MAY 12 AND MET WITH THEIR JAMAICAN OPPOSITE NUMBERS THAT EVENING. COMPANY PROPOSALS TABLED AT THAT SESSION (PRESUMABLY AN EXPANSION AND EMBELLISHMENT OF EARLIER COMPANY POSITIONS) WERE REJECTED BY THE JAMAICAN NEGOTIATORS. SESSION ENDED WITHOUT FOLLOW ON MEETING BEING SCHEDULED.

2. COMPANY NEGOTIATORS WERE SUMMONED BACK TO THE TABLE AT 10:00 A.M., MAY 13, FOR SECOND SESSION. FOLLOWING THIS MEETING, EAGLEBURGER RECEIVED CALL FROM MEYER MATALON WHO
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SAID THAT COMPANIES HAD REFUSED TO BUDGE FROM THEIR 3.5

PERCENT OFFER. COMPANY NEGOTIATORS HAD, HOWEVER, OFFERED THE POSSIBILITY OF ADDITIONAL INCOME FOR JAMAICA IF RETURN ON SALES WENT ABOVE PRESENT LEVELS. ACCORDING TO MATALON, JAMAICANS HAD TURNED DOWN THIS OFFER SAYING THAT RETURN ON SALES WAS NO ADEQUATE YARDSTICK. MATALON WENT ON TO ACCUSE THE COMPANIES OF HAVING RETURNED TO THE NEGOTIATION WITH NO REAL INTENTION OF DOING ANYTHING. HE SAID THAT HE WAS DISCOURAGED, SHATTERED AND DISAPPOINTED AND THAT "THE BOOM WAS GOING TO BE LOWERED. THERE WAS NO WAY TO AVOID IT." HE DID SAY, HOWEVER, THAT AT THIS SESSION COMPANIES HAD REOPENED POSSIBILITY OF A MEETING BETWEEN THE CHIEF EXECUTIVE OFFICERS AND THE PRIME MINISTER AND THAT THEY WERE ATTEMPTING TO SCHEDULE SUCH A SESSION FOR SOMETIME AFTER 4:00 P.M., MAY 14.

3. WE ARE INSTRUCTING OUR CHARGE IN KINGSTON TO SEEK AN APPOINTMENT WITH THE PM BEFORE HIS MEETING TOMORROW WITH THE CHIEF EXECUTIVE OFFICERS. AT THIS MEETING, HE WILL REITERATE THE ESSENTIALS OF THE POINTS MADE BY KUBISCH TO JAMAICAN AMBASSADOR FLETCHER ON MAY 7 REINFORCED BY STRONG URGING TO REACH AGREEMENT NOW AS NEGOTIATIONS HAVE CLEARLY REACHED CRITICAL JUNCTURE. WE WILL DO LIKEWISE WITH JAMAICAN CHARGE IN WASHINGTON.

4. ENDERS HAS BEEN IN TOUCH THIS AFTERNOON WITH THE COMPANIES TO PASS ON THE SUBSTANCE OF MATALON CONVERSATIONS WITH EAGLEBURGER. IN RESPONSE TO ENDERS' URGING THAT THE CEO'S USE EVERYTHING THEY HAVE GOT TO GET AN AGREEMENT AT TOMORROW'S MEETING WITH MANLEY, THE COMPANIES' REPRESENTATIVE SAID--ON AN EXTREMELY CLOSE-HOLD BASIS--THAT THEY HAVE THREE ELEMENTS OF FLEXIBILITY REMAINING AND WILL USE THEM TO CLOSE THE DEAL IF THEY CAN.

5. JAMAICAN EMBASSY TODAY DELIVERED TEXT OF LONG LETTER FROM PRIME MINISTER MANLEY TO YOU REVIEWING YOUR CONVERSATION WITH HIM ON MARCH 13. IN VIEW OF THE FACT THAT EVENTS NOW UNFOLDING IN KINGSTON MAY INFLUENCE FORM AND SUBSTANCE OF REPLY, RECOMMEND THAT LETTER NOT BE RESPONDED TO UNTIL AFTER MAY 16. TEXT SEPTEL.

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